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FM AMEMBASSY DUSHANBE
TO RUEHC/SECSTATE WASHDC 0496
INFO RUEAIIA/CIA WASHDC
RUCNCIS/CIS COLLECTIVE
RUEATRS/DEPT OF TREASURY WASHINGTON DC
RUEHDBU/AMEMBASSY DUSHANBE 2266
RHEHAAA/NSC WASHINGTON DC
RUCPDOG/USDOC WASHDC 0170

UNCLAS DUSHANBE 000926

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STATE FOR EB/IFD/OIA GOETHERT
STATE FOR L/CID MCDONALD

E.O. 12958: N/A

TAGS: [EINV](#) [KIDE](#) [ECON](#) [PGOV](#) [TI](#)

SUBJECT: TAJIKISTAN REPORT ON SECTION 527

REF: STATE 055422

11. Post is pleased to report on the satisfactory resolution of the single outstanding U.S. company dispute in Tajikistan. There are no new investment disputes between the United States and the Republic of Tajikistan. Details of the resolved case follow.

12. Claimant designation:

Claimant A is a major U.S. firm
Claimant B is a state-owned aluminum producer
Claimant C is an aluminum trading firm

Case History:

13. The U.S. claimant, Claimant A, had been in a longstanding dispute with Claimant C, the former designated trading company of Claimant B. Claimant A, a subsidiary of a U.S. corporation based in Connecticut, had attempted to enforce a judgment that it obtained in arbitration against Claimant B. Claimant B is 100% owned by the government of the Republic of Tajikistan.

14. Dispute arose in December 2004, when Claimant C failed to deliver \$20 million of Claimant B aluminum as agreed to in a Deed of Guaranty signed April 2004 to Claimant A. During the first half of 2005, Claimant A commenced arbitration proceedings in the ICC Arbitration Court against Claimant C, and in Moscow against Claimant B. During 2006, Claimant A received an interim award against Claimant C from the ICC Arbitration Court for an amount of \$20 million plus costs and interest. After failing to receive payment upon this award, Claimant A commenced enforcement actions in Moscow against Claimant C's assets with a Moscow Court.

15. The dispute was resolved in April of this year, when Claimant C decided to pay the \$30 million in full to Claimant A. (Technically, Claimant C will pay the Tajik government, and the Tajik government will pay Claimant A.)

16. The U.S. Embassy in Dushanbe and the U.S. Department of Commerce spent significant time since 2004 meeting with the claimants, facilitating dialogue between the parties, and pressuring the Tajik government to resolve the dispute. This dispute served as a warning to international investors about Tajikistan's unwillingness to uphold contracts and rule of law. The resolution of this dispute is a welcome step by the Tajik government towards fulfilling its obligations to the international community.

17. Claimants:

Claimant A: Gerald Metals, S.A.

Claimant B: Tajik Aluminum Plant (TadAZ, now called TALCO)

Claimant C: Ansol, Limited

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